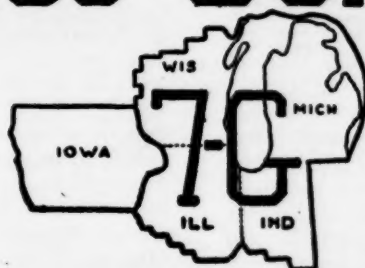


BUSINESS CONDITIONS

SEVENTH
FEDERAL



RESERVE
DISTRICT

Volume 13, No. 9

MONTHLY REVIEW PUBLISHED BY THE
FEDERAL RESERVE BANK OF CHICAGO

August 30, 1930

General Summary

GENERAL business and industry in the Seventh district continued in July at a level below the preceding year, and in the majority of lines reporting to this bank, a further downward movement from June was shown by the July data. Seasonal trends were only partly responsible for the lowered level of automobile production from June. Iron and steel experienced a recession, as did building contract awards and sales of building materials. Furniture orders moved upward in the month-to-month comparison, a seasonal development. In the comparison with July 1929, the foregoing industries continued to show declines in operations.

With the exception of groceries and drugs, wholesale lines reporting to this bank fell short of the June level, and all sold a smaller volume than in July a year ago. Retail trade, including automobiles, department stores, and chain stores, reported lessened activity in both comparisons.

Good yields of small grain crops have been harvested in this district. Mid-August reports from county agents, however, indicate considerable curtailment in the corn and other late crops, an outgrowth of protracted drought and extreme heat throughout most of July in the greater part of the district; pastures deteriorated seriously, though late and copious rains are reported to have improved conditions materially in this respect in many areas. Activity at meat-packing establishments, as measured by production and sales of such products, fell short of the June level and that of July 1929. Butter output registered a decline of more than seasonal proportions from June; sales dropped as compared with the preceding month and with a year ago. Cheese produc-

tion showed a similar trend from June and but little change from the corresponding month last year. Sales declined in both comparisons.

The number of employees in reporting lines of industry in this district declined less sharply in the aggregate for July than in June, but payrolls fell off to a greater extent as a result of further reduced time schedules in many plants and wage reductions in some lines.

Commercial and security loans of reporting member banks in the district declined on August 13 as compared with July 16; investments have risen steadily in recent weeks; deposits, both time and demand, diminished as between these two dates, but were higher than on the corresponding reporting date last year. Rates in Chicago were slightly lower. The borrowings of member banks at the Reserve bank the middle of August were less by approximately three and one-half millions than on July 9, reflecting decreased reserve balances, lessened currency demand, and an excess of local Treasury expenditures over receipts.

Credit Conditions and Money Rates

A decrease in member bank reserve balances at the Reserve bank, lessened demand for currency, and an excess of local Treasury expenditures over receipts constituted the principal factors making for a decrease in member bank borrowing during the period July 9 to August 13. Offsetting these factors were a loss of nearly twenty millions through inter-district settlements for commercial and financial transactions, and a decline in holdings of acceptances by the Reserve bank. The net result was a drop in member bank borrowing of approximately three and one-half millions as between July 9 and August 13. A tabulation of the changes in the various

FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION

	August 13 1930	July 16 1930	August 14 1929
Total Bills and Securities.....	\$111.8	\$ -7.8	\$ -49.4
Bills Discounted	15.2	-3.2	-111.1
Bills Bought	15.3	-8.1	+5.9
U. S. Government Securities.....	81.3	+3.5	+55.8
Total Reserves	458.7	-9.5	-109.8
Total Deposits	357.5	-0.9	-4.1
Federal Reserve Notes in Circulation.....	174.8	-17.1	-154.7
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined	86.1%	+1.1*	+3.9*

*Number of Points.

CONDITION OF REPORTING MEMBER BANKS, SEVENTH DISTRICT

	August 13 1930	July 16 1930	August 14 1929
Total Loans and Investments.....	\$3,390	\$ -10	\$ +13
Loans on Securities.....	1,282	-34	-0
All other Loans.....	1,335	-4	-77
Investments.....	773	+28	+90
Net Demand Deposits.....	1,933	-9	+17
Time Deposits	1,319	-54	+58
Borrowings from Federal Reserve Bank	2	-2	-93

Compiled August 27, 1930

elements influencing member bank borrowing at the Reserve bank is given below:

FACTORS IN MEMBER BANK BORROWING AT THE FEDERAL RESERVE BANK OF CHICAGO

Changes between July 9 and August 13, 1930
(In millions of dollars)

Changes making for decrease in member bank borrowing:	
1. Decrease in member bank reserve balances.....	15.30
2. Excess of local Treasury expenditures over receipts.....	10.75
3. Decrease in demand for currency.....	4.41
4. Decrease in unexpended capital funds.....	0.22
5. Increase in holdings of U. S. securities (local transactions).....	0.11
Total.....	30.79
Changes making for increase in member bank borrowing:	
1. Funds lost through inter-district settlements for commercial and financial transactions.....	19.16
2. Decrease in holdings of acceptances (local transactions).....	6.30
3. Decrease in reserve bank float.....	1.35
4. Increase in non-member clearing balances.....	0.24
5. Sales of gold to industry.....	0.23
Total.....	27.28
Excess of changes making for decrease in member bank borrowing.....	3.51
Absorption of this excess: Decrease in member bank borrowings (discounts for member banks).....	3.51

Investments of reporting member banks have risen steadily in recent weeks; as shown by the accompanying table, the gain on August 13 over July 16 was slightly less than thirty millions, and as against August 14, 1929, an increase of ninety millions was recorded. Loans on securities as well as "all other" loans declined during the July 16—August 13 period. The trend of deposits, time and demand, has been downward; both, however, on August 13 were higher than on the corresponding reporting date last year.

Sales of commercial paper in the Middle West expanded more than customary in July and nearly attained the high level of March, having shown a marked reversal in trend over that obtaining during the preceding three months. An active demand from banks and commercial institutions, together with more paper available for distribution than in recent months, accounted for a volume $47\frac{1}{2}$ per cent heavier than in June and 57 per cent in excess of a year ago. Rates eased slightly and ranged from 3 to 4 per cent, with most paper moving at $3\frac{1}{4}$ per cent. Outstandings remained at a low point, but were $28\frac{1}{2}$ per cent greater on July 31 than on the corresponding date of last year. Aggregate sales in Chicago were indicated as slightly larger during the first two weeks of August than in the first half of July; the majority of dealers, however, experienced a small decline. Demand was good and remained somewhat in excess of the supply. Rates closed on August 15 at 3 to $3\frac{1}{2}$ per cent, with the customary charge 3 to $3\frac{1}{4}$ per cent.

Bills accepted and current purchases of bankers' acceptances, as reported by a selected list of accepting banks in the Seventh district, were greater in July than for any other month since March and more than 6 per cent in excess of a year ago. Sales declined to the low level shown in May, while holdings returned to the highest point in four months. Outstandings remained

in large volume, though aggregating much less than in January.

The banks appear to have accepted a considerably larger amount of bills during the first half of August than in the corresponding weeks of July, largely owing to seasonal financing of grain.

TRANSACTIONS IN BANKERS' ACCEPTANCES AS REPORTED BY A SELECTED LIST OF ACCEPTING BANKS IN THE SEVENTH DISTRICT

	PER CENT CHANGE IN JULY 1930 FROM	
	JUNE 1930	JULY 1929
Total value of bills accepted.....	+28.6	+5.9
Purchases.....	+12.6	+6.7
Sales.....	-19.0	+15.3
Holdings*.....	+107.7	+188.7
Liability for outstandings*.....	+12.7	+37.6

*At end of month.

Activity in the Chicago bill market from July 10 to August 13 remained about the same as in the preceding month, with average weekly purchases declining during the period to a new low level for 1930. Sales, however, were the heaviest in four months, a reflection of more liberal buying on the part of local banks; purchases by out-of-town banks and others continued in limited proportions. A good movement of acceptances to and from the east was reported. Demand was only fair, though in excess of the limited supply; holdings were reduced to a very low level on August 13. Rates remained steady.

AVERAGE WEEKLY TRANSACTIONS OF REPORTING DEALERS IN THE CHICAGO BILL MARKET

	JULY 10 TO AUGUST 13, 1930	
	PER CENT CHANGE IN COMPARISON WITH PERIOD FROM JUNE 12 TO JULY 9 1930	JULY 18 TO AUGUST 14 1929
Bills purchased.....	-27.1	-44.8
Bills sold.....	+27.0	-4.7
Holdings*.....	-46.9	-64.0

*At close of period.

Money rates in Chicago declined slightly; for six large down-town banks the prevailing rate on commercial loans during the week ended August 15 was $3\frac{3}{4}$ — $5\frac{1}{2}$ per cent, as compared with a range of 4 — $5\frac{1}{2}$ per cent the middle of July. The corresponding quotation for ten smaller banks was $3\frac{1}{2}$ —6, as compared with 4 — $6\frac{1}{2}$ at mid-July. The average rate earned on loans and discounts by six large Chicago banks during the calendar month of July was 4.76 per cent, whereas in June the item had stood at 4.87 per cent and was 6.29 in July 1929. In Detroit, the average rate earned on loans and discounts during July by three large banks rose to 5.68 per cent from the 5.63 reported in June; in July a year ago 6.23 per cent was shown. The prevailing rate on commercial loans in Detroit during the week ended August 15 was $3\frac{1}{2}$ —6 per cent. Rate levels in other cities in the district were substantially unchanged.

SAVINGS DEPOSITS—SEVENTH FEDERAL RESERVE DISTRICT As Reported on August 1, 1930, by a Selected List of Banks

	NUMBER OF BANKS REPORTING	NUMBER OF ACCOUNTS PER CENT CHANGE FROM		VOLUME OF SAVINGS DEPOSITS PER CENT CHANGE FROM	
		JULY 1 1930	AUGUST 1 1929	JULY 1 1930	AUGUST 1 1929
Illinois.....	48	-0.2	+1.0	-0.6	+3.6
Indiana.....	34	-1.8	-3.7	+0.9	+2.0
Iowa.....	36	+0.7	-0.3	-1.0	-2.0
Michigan.....	24	-0.8	-5.9	+0.1	-6.7
Wisconsin.....	49	-0.7	-1.4	-1.2	-7.8
Seventh District.....	191	-0.5	-2.1	-0.3	-2.0

VOLUME OF PAYMENT BY CHECK, SEVENTH DISTRICT

(Amounts in millions of dollars)

	JULY 1930	PER CENT OF INCREASE OR DECREASE FROM	
		JUNE 1930	JULY 1929
Chicago.....	\$3,989	-9.8	-19.3
Detroit, Milwaukee, and Indianapolis.....	1,487	-6.9	-18.9
Total four larger cities.....	\$5,476	-9.0	-19.2
34 smaller centers.....	959	-2.4	-15.5
Total 38 centers.....	\$6,435	-8.1	-18.7

SECURITY MARKETS

The trend of bond prices in Chicago has been slowly but definitely higher the past month, with an accompanying increase in demand for high grade bonds on the part of individuals, while institutional buying has been maintained at a good level. During recent weeks there has been reported also an increased interest in bonds which might be termed second grade. Generally speaking, current issues have been well absorbed, save where certain offerings have been over-priced; dealers' shelves were fairly clear the middle of August. Trading on the Chicago Stock Exchange thus far in August has been in moderate volume, with some gain during the week ended August 16, generally ascribed, however, to professional trading activities. Prices have moved downward since the end of July; on August 13 the average price of twenty leading stocks (*) dropped to 119.34, only slightly above the low point of the year, 119.18 on July 8, following which date prices gained, reaching a high for the month of 127.57 on July 28.

*Chicago Journal of Commerce.

Agricultural Products

Farmers in the Seventh Federal Reserve district have harvested substantial crops of small grain this year, but reports on August 14 from 195 county agricultural agents show that the yields of corn and other late crops have been materially reduced in the past month because of drought and extreme heat. Present prospects suggest a corn crop as small in 1930 as the low yields of 1924 and 1927, unless ample rainfall is received during the remainder of the season and the autumn frosts come at a later date than usual. Pastures throughout the district have shown marked deterioration during the past month and the second cutting of hay is light. Prospects for apples have been further reduced because of under-development of the fruit; premature dropping also is reported in some counties. In areas where the damage to corn has been especially heavy, some of the farmers have been using the stalks for feed rather than saving the crop to mature ears. It seems probable that in the states of Illinois, Indiana, and Michigan, where the drought has been more severe than in other parts of the district, livestock operations may be reduced this winter, owing to a subnormal production of feed. Brief summaries of mid-August crop conditions in the several states including the Seventh district follow:

Iowa—Corn in northeastern Iowa is as good or better than in 1929; most other parts of the state, however, show considerable reduction from last year. Firing has been rather general except in the northeastern territory. Stalks in most of the state are somewhat shorter than ordinarily. In the southern part of Iowa more stalks are barren than a year ago, and the ears have not been so prolific as usual, due to heat damage to the tassels and silks during the pollination period.

Indiana—The corn crop in the northern part of Indiana is indicated as being about as good or better than a year ago, but there is a marked reduction in the southern part of the territory within the Seventh Federal Reserve district, where the crop ranges from very poor to fair. More than 40 per cent of the stalks in this southern territory are considerably smaller than was the case in 1929 and many are barren of ears;

growth in other parts of the state is reported as only slightly smaller than a year ago. Firing has been more or less general throughout the entire state of Indiana. Drought has also materially reduced the production of garden truck and has damaged tobacco to some extent. General showers, however, were reported on August 17 over much of the dry area.

Illinois—Prospects for corn in Illinois as a whole are now considerably under a year ago, due to lack of rainfall in recent weeks. Considerable firing has been reported throughout practically all of that part of the state within the Seventh district. More than 40 per cent of the stalks are smaller than a year ago. Ears have not developed satisfactorily because of the extreme heat, and more of the stalks than usual are barren. Garden truck also has suffered deterioration. Rains were reported over much of the area on August 17.

Michigan—With few exceptions, the Seventh district counties in Michigan now report prospects for corn as low as or below 1929. Stalk growth of nearly half of the crop is very short, except in the counties located in the northeastern part of the Lower Peninsula and particularly those located in the fertile lake bottom lands surrounding Bay City and Saginaw. Firing was reported in the southern half of the Lower Peninsula and to a lesser degree in the north. Development of ears has not been very satisfactory. Potatoes, cabbages, cucumbers, and other garden truck in the southern three-quarters of the state have suffered considerably from the drought. Beans on the lake bottom lands (the intensive production area) are fair to good, but in the light soil regions farther inland have burned rather badly. Drought still remains unabated, although a number of counties have received light local showers.

Wisconsin—Prospects for corn in that part of Wisconsin in the Seventh district show only a slight possibility of reduction from a year ago; in a number of

CROP PRODUCTION

Estimated by the United States Bureau of Agricultural Economics as of August 1

(In thousands of bushels unless otherwise specified)

	SEVENTH DISTRICT		UNITED STATES		5-Yr. Av.
	FORECAST 1930	FINAL 1929	FORECAST 1930	FINAL 1929	1924-28
Corn	790,759	880,741	2,211,823	2,614,307	2,699,809
Oats	534,399	501,169	1,316,369	1,233,574	1,371,786
Winter Wheat.....	63,014	58,140	597,392	577,784	550,636
Spring Wheat.....	5,650	4,410	223,221	228,006	282,528
Barley	58,287(a)	58,481(a)	306,215	303,552	240,742
Rye	8,960(a)	8,618(a)	46,655	40,533	50,851
Buckwheat	964(a)	1,098(a)	11,068	11,520	13,786
Flaxseed	322(b)	214(b)	26,013	16,844	23,816
Potatoes (white) ..	53,811	44,914	372,557	359,796	392,605
Potatoes (sweet) ..	1,409(c)	1,585(c)	66,251	84,661	74,141
Sugar Beets*.....	619(d)	356(d)	7,910	7,318	7,389
Canning Crops					
Sweet Corn*.....	314(a)	345(a)	641	704	-----
Tomatoes*.....	334(e)	306(e)	1,499	1,426	-----
Snap Beans*.....	20(f)	18(f)	90	90	-----
Tomatoes for					
Market	1,297(e)	1,210(e)	18,363(h)	16,447(h)	-----
Apples (total)					
crop)	12,663(a)	16,784(a)	146,440	142,078	180,262
Peaches	615(e)	5,197(e)	46,906	45,789	56,821
Pears	1,251(e)	1,440(e)	24,277	21,563	21,484
Grapes*	86(a)	86(a)	2,350	2,098	2,339
Dry Beans	7,578(d)	5,767(d)	22,024	19,693	17,323
Broom Corn*.....	8(g)	5½(g)	59	47	51
Tobacco**	48,256	46,360	1,474,758	1,519,081	1,302,463
All Tame Hay*..	16,994	23,333	83,460	101,786	93,630
Onions	6,676(a)	5,431(a)	25,650	25,554	-----

*In thousands of tons. **In thousands of pounds.

(a) Five states including Seventh District. (b) Wisconsin and Iowa. (c) Indiana, Illinois, and Iowa. (d) Wisconsin and Michigan. (e) Indiana, Illinois, Michigan, and Iowa. (f) Indiana, Michigan, and Wisconsin. (g) Illinois. (h) Exclusive of southern district of California.

counties the crop is even better than in 1929. Firing has been slight and has occurred largely in the north-eastern and east-central counties. This part of the state, together with some counties in the southeastern section, reported short stalks in some fields. Ears are showing satisfactory development. Truck crops have not suffered extensive damage but additional moisture would prove very beneficial. Tobacco is in fair condition.

GRAIN MARKETING

The early harvest of this year was reflected in a larger movement of wheat than usual in July at interior primary markets in the United States, receipts exceeding July 1929 and totaling 42 per cent more than the five-year average for the month, while shipments, though less than a year ago, were also considerably larger than the five-year average. No congestion has developed in storage, however, due to expanded facilities and an early export movement. Exports between July 1 and August 2 were reported as totaling 12,937,000 bushels, as compared with 9,572,000 bushels for the same period of 1929. After reaching the low prices of July 12, wheat fluctuated at that level, weakening still more at the beginning of August but, responding to the rapid gains made by corn, at the end of the first week had recovered most of the loss since the middle of June. Future trading in wheat on the Chicago Board of Trade was slightly less than in June and less than half the July 1929 volume.

The movement of corn and oats at the same centers was small during July. Corn future trading rose 56 per cent over the June volume but was 4 per cent under July a year ago. Following the August 1 reduction in corn crop estimates and further news of destruction by drought, prices recovered sharply from previous low levels, exceeding one dollar for the first time since last October.

MOVEMENT OF LIVE STOCK

Cattle receipts at public stock yards in the United States were in larger volume during July than in any other month since April, though totaling under a year ago and remaining substantially less than the five-year average. Principal factors influencing the increase over June were the marketing of an accumulation of fat cattle from corn belt feed lots, which had been withheld in earlier months of the year in the hope of more favorable prices; the receipt of delayed shipments of grass cattle from the southwest; and the beginning of the movement from the ranges. The marketing of hogs fell off slightly in these comparisons and was below

LIVE STOCK SLAUGHTER (In thousands)

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, July, 1930	204	684	340	89
Federally Inspected Slaughter, United States				
July, 1930	710	3,187	1,411	375
June, 1930	654	3,689	1,295	356
July, 1929	706	3,597	1,255	363

AVERAGE PRICES OF LIVE STOCK (Per hundred pounds at Chicago)

	WEEK ENDED AUGUST 16 1930	JULY 1930	MONTHS OF JUNE 1930	JULY 1929
Native Beef Steers (average)....	\$ 8.85	\$ 9.50	\$10.50	\$14.85
Fat Cows and Heifers.....	6.75	7.00	8.00	10.50
Calves.....	11.50	11.40	10.45	15.25
Hogs (bulk of sales).....	9.30	8.80	9.60	11.30
Yearling Sheep.....	7.05	7.35	8.60	11.50
Lambs.....	8.90	9.75	11.75	14.45

that of any corresponding period since September 1928. Lamb receipts continued in heavy volume for so early in the season; the movement from northwestern ranges was well under way.

Reshipments of cattle to feed lots decreased in July to the lowest level in years, largely reflecting a hesitancy on the part of professional feeders to fill up their lots at this time because of the uncertain outlook for corn; the movement of lambs also was less than in June, a year ago, or the 1925-29 average for the month.

MEAT PACKING

A further recession of 3 per cent in production was recorded at slaughtering establishments in the United States during July, the volume being 7 per cent less than last year. These declines were due entirely to a reduction in hog marketings as compared with June and a year ago. Payrolls at the close of the month showed a decrease of 2 per cent in employees, 4½ per cent in hours worked, and of 3 per cent in aggregate earnings from the corresponding period of June. Demand in domestic markets averaged fair to good for smoked meats, boiled ham, and sausage, moderate for fresh pork, lamb, and veal, and was slow for beef and lard. July sales billed to domestic and foreign customers by representative meat packing concerns in the United States aggregated 6 per cent less than a month earlier and 20 per cent below the corresponding period of 1929. The principal factors contributing to these declines were the lower level of prices, the extreme heat, and a continuation of unemployment. Prices of the majority of packing-house products declined in July; smoked meats held steady with June. Quotations for pork and lard firmed early in August, while those of beef, lamb, and mutton showed further ease. Domestic trade averaged fair at the beginning of August; demand from the south tended to improve for dry salt pork because of the opening of the cotton-picking season. August 1 inventories were below those of any other month since the beginning of 1930, and remained less than in 1929 and the five-year average. The holdings of dry salt pork and miscellaneous meats, however, were slightly in excess of July 1, and stocks of beef, lamb, and miscellaneous meats gained in the other comparisons.

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	WEEK ENDED JULY 15			CHANGES FROM JUNE 15	
	REPORT- ING FIRMS No.	WAGE EARNERS No.	EARNINGS (000 \$)	WAGE EARN- ERS %	EARN- INGS %
Metals and products¹.....	533	144,113	3,618	-7.9	-15.8
Vehicles.....	71	31,856	825	-10.1	-17.0
Textiles and products.....	134	27,447	585	-5.1	-4.8
Food and products.....	303	56,164	1,403	+13.9	+5.1
Stone, clay, and glass.....	114	12,460	327	-8.1	-9.9
Lumber and products.....	229	24,049	497	-2.9	-8.0
Chemical products.....	69	10,611	271	-4.4	-6.2
Leather products.....	69	15,839	307	-1.2	-8.0
Rubber products¹.....	7	1,964	41	-36.9	-33.6
Paper and printing.....	255	36,971	1,090	+3.4	-1.5
Total mfg., 10 groups.....	1,784	361,474	8,964	-3.5	-9.8
Merchandising².....	206	30,045	826	-2.3	-0.3
Public utilities.....	80	97,307	3,212	+1.6	-2.6
Coal mining.....	37	7,445	124	+24.9	-0.0
Construction.....	199	15,761	468	+2.2	-2.4
Total, 14 groups.....	2,306	512,032	13,594	-1.6	-7.3

¹Other than vehicles. ²Wisconsin only. ³Illinois and Wisconsin.

The volume of shipments for export decreased slightly in July from a month earlier; inventories already abroad (including stocks in transit to European countries) continued relatively low. Trade on the Continent remained rather quiet during the greater part of the month; demand in the United Kingdom was active for hams but only fair for lard. Most purchases were confined to immediate requirements. A marked improvement in demand from all Continental countries as well as from the United Kingdom was experienced late in July and early in August; also, some orders were booked for future delivery. Prices were on a parity with Chicago.

DAIRY PRODUCTS

Butter manufacturing in the Seventh district fell off more than the seasonal amount in July and totaled 20 per cent less than a year ago. A similar trend was indicated for the United States by the weekly statistics of the American Association of Creamery Butter Manufacturers. Failing pastures and the low level of prices were the principal factors contributing to these recessions. Seventh district sales were 11 per cent smaller in volume than in June and the 13½ per cent decline from a year ago was the largest shown in this comparison for any month thus far in 1930. Prices strengthened further and were higher than at any time since early May, but were still at a low level. August 1 stocks of the commodity in the United States exceeded those of any month since October 1929 and continued above the five-year average, though totaling somewhat less than a year ago.

The production of American cheese in Wisconsin, as evidenced by the receipts at primary markets of that state, declined 14 per cent during the four weeks ended August 2 from the preceding period but was approximately the same as a year ago. Reshipments of the commodity from these centers decreased 7½ per cent in both comparisons. Prices declined to a new low level during the month. Total inventories of cheese in the United States recorded a seasonal gain on August 1 and were at the highest level of any month in recent years.

Industrial Employment Conditions

Although the number of employees in reporting lines of industry and trade in this district declined less sharply in the aggregate during July than in June, payrolls fell off to a greater extent as a result of further

reduced time schedules in many plants and wage reductions in some lines. Considered individually, larger declines than in the preceding month were recorded by eight groups in number of men and by ten in payrolls. In Illinois, a reduction of more than 10 per cent in man-hours was recorded in metals, vehicles, stone, clay and glass products, textiles, and construction, with similar reductions in many subdivisions of the other industrial groups. Average weekly earnings for all groups in Wisconsin were 11 per cent less than in June and a loss of more than 10 per cent was shown for metals, vehicles, food products, lumber products, and utilities, while two groups, rubber products and merchandising, had higher average earnings per man, although total payrolls were less than in June. Among reporting firms in Iowa, Indiana, and Michigan, the decline in man-hours exceeded that in number of men in the total of ten manufacturing groups and in each of the groups individually with the exception of textiles, leather, and paper and printing. For the district as a whole, only one group increased in both number of men and payrolls—food products, which was influenced largely by unusual expansion in canning and preserving in Wisconsin where the fruit and vegetable crop suffered less from drought than in other sections.

In the unemployment ratios below, some improvement is noted in three states, Illinois alone having a higher ratio than in the preceding month, which was accounted for by increases in Chicago and the larger industrial towns.

REGISTRATIONS PER 100 POSITIONS AVAILABLE AT FREE EMPLOYMENT OFFICES

MONTH	ILLINOIS	INDIANA	IOWA	WISCONSIN
1930 July	262	168	258	150
June	224	170	295	155
1929 July	148	113	231	115
June	139	113	232	120

Manufacturing

AUTOMOBILE PRODUCTION AND DISTRIBUTION

Further seasonal decline took place in automobile production during July. Output of 222,459 passenger cars in the United States fell off 23 per cent from the preceding month, and truck production of 39,663 was 13 per cent smaller. As compared with July 1929, declines of 48 and 47 per cent, respectively, were re-

MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in July 1930 from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	JUNE 1930	JULY 1929	JUNE 1930	JULY 1929
New cars				
Wholesale—				
Number sold	-5.2	-68.3	30	29
Value	+3.4	-63.2	30	29
Retail—				
Number sold	-14.9	+50.3	58	56
Value	-16.5	-52.8	58	56
On hand July 31—				
Number	-5.0	-1.6	58	56
Value	-6.0	-6.2	58	56
Used cars				
Number sold	-7.3	-22.2	58	56
Salable on hand—				
Number	-11.4	-2.7	58	56
Value	-14.8	-16.0	58	56

WHOLESALE AND RETAIL LUMBER TRADE

CLASS OF TRADE	JULY 1930: PER CENT CHANGE FROM		NUMBER OF FIRMS OR YARDS
	JUNE 1930	JULY 1929	
Wholesale trade:			
Sales in dollars	-11.3	-52.5	18
Sales in board feet	-17.4	-48.8	15
Accounts outstanding ¹	-19.2	-45.6	14
Retail trade:			
Sale in dollars	-8.0	-33.2	248
Accounts outstanding ¹	+1.5	-10.5	227
Ratio of accounts outstanding ¹ to dollar sales during month			
	JULY 1930	JUNE 1930	JULY 1929
Wholesale trade	143.6	153.0	137.1
Retail trade	315.2	300.6	248.2

¹End of month.

corded and against the corresponding period of 1928, passenger car production totaled 34 per cent smaller this year and that of trucks 27 per cent less.

Wholesale distributors of new automobiles in the Middle West again showed sales declines during July, but because of the receipt of new models of one make of car, the aggregate value of cars sold recorded a small increase over June. Sales at retail by reporting dealers fell off by a little more than the usual seasonal amount; the recession was much smaller, however, than between May and June. Declines from a year ago were about the same in both wholesale and retail distribution as was the case in June compared with the corresponding month of 1929. New car stocks were smaller than on June 30 and averaged less than at the end of July last year. Used car sales declined in number from a month previous and a year ago, and stocks were less in both comparisons. Sales made on the deferred payment plan in July averaged 54 per cent of total retail sales by twenty-seven dealers, while the average for June and for a year ago was 59 per cent.

IRON AND STEEL PRODUCTS

Steel mills in the Chicago district reported a quiet month in July, and steel ingot output had dropped off by the tenth of August to 55 per cent of capacity. Pipe production again consumed a large tonnage of steel in July. Indiana and Illinois pig iron production averaged only 16,381 tons daily during July, the lowest for any month since October 1927 and about 20 per cent below the June rate.

Prices at Chicago have held fairly steady. Sheets have been weak, however, and the price of pig iron was again lowered the end of July to \$17.50 per ton. Little change has taken place in iron and steel scrap prices.

Steel and malleable casting foundry operations in the district continued to decline in July, although orders booked for steel castings increased considerably over the preceding month. Activity remained decidedly below the level of the corresponding period in 1929. Shipments by reporting stove and furnace manufacturers increased in July over June, but most firms shipped less than a year ago; total orders booked declined in both comparisons, although the majority of firms recorded gains over the preceding month.

FURNITURE

Reporting furniture manufacturers in the Seventh district experienced during July the first sizable month-to-month increase in orders booked since January. The expansion of 52 per cent in July over June compares with an increase of 37 per cent for the same period last year and with 60 per cent in the three-year average comparison, and offsets in part the heavy decline of a month previous. In line with this expansion

and a slight recession in shipments, unfilled orders rose 44 per cent. Shipments showed a falling-off from June of 4 per cent, which is identical with that of last year and compares with a recession of 2 per cent for the three-year average. Declines from last year of 40 per cent in orders, 60 per cent in unfilled orders, and 40 per cent in shipments, were less sharp than a month previous, being then 55, 68, and 49 per cent, respectively. The rate of operations dropped still further in July and averaged 52 per cent of capacity, or one point lower than the June rate and 25 points below that maintained a year ago.

Building Material, Construction Work

Materials used largely for residential, industrial, and farm construction continued, during July, to experience reduced demand in the Seventh district. In view of the unusual number of vacancies in many cities, apartment house construction remained at a low level; uncertainty of the industrial outlook has tended to check projects for plant enlargement; and the downward movement of farm prices, sustained until the end of July and followed by news of crop reduction, was a factor in limiting rural construction. Sales of reporting retail lumber yards were about one-third under the average for July since 1924, and wholesalers had only slightly more than half the usual July volume of business. Prices showed little change from previous low levels, a few items of lumber recording declines at wholesale, although the retail list was firmer with the exception of flooring. Cement in the Chicago market was quoted slightly higher toward the end of the month. Dealers have shown no urgency to purchase for fall requirements.

A 13 per cent increase over June in shipments from cement mills in the Middle West, together with slightly reduced production, brought stocks of these mills 12 per cent below the end of June, although they were still 27 per cent larger than a year ago.

BUILDING CONSTRUCTION

Building contracts awarded in the Seventh district declined to a greater extent between June and July than during any other period this year except January. Residential building, on the other hand, showed a smaller recession than had been recorded in the two preceding months, and the decline averaged considerably less than in the same comparison last year, when contracts for residences fell off 38 per cent following a large increase between May and June. Aggregates for residential and for all building were the smallest in July of any month this year since February.

Permits issued in 102 cities of the district declined 8 per cent in number during July from the preceding

WHOLESALE TRADE IN JULY 1930

COMMODITY	PER CENT CHANGE FROM SAME MONTH LAST YEAR				RATIO OF ACCTS. OUTSTANDING TO NET SALES
	NET SALES	STOCKS	ACCTS. OUTSTAND.	COLLECTIONS	
Groceries	-4.2	-5.8	-8.9	-6.2	88.5
Hardware	-32.0	-11.3	-19.2	-21.3	235.3
Dry Goods	-39.4	-13.5	-11.1	-24.0	434.9
Drugs	-11.8	-7.5	-4.6	-8.5	132.3
Shoes	-32.9	-15.8	-6.4	-22.7	507.1
Electrical Supplies	-28.9	-17.8	-24.1	-20.0	154.9

DEPARTMENT STORE TRADE IN JULY 1930

LOCALITY	PER CENT CHANGE JULY 1930 FROM JULY 1929		PER CENT CHANGE FIRST SEVEN MONTHS 1930 FROM FIRST SEVEN MONTHS 1929	RATIO OF JULY COLLECTIONS TO ACCOUNTS OUTSTANDING JUNE 30	
	NET SALES	STOCKS END OF MONTH		1930	1929
Chicago	-19.0	-3.1	-11.7	28.7	31.1
Detroit	-27.3	-9.5	-18.6	35.9	42.3
Indianapolis	-15.1	-3.1	-7.7	38.2	41.2
Milwaukee	-15.4	-0.1	-5.0
Other Cities	-14.4	-8.2	-7.6	33.0	36.2
7th District	-19.5	-4.9	-11.8	34.1	37.9

month and totaled only one per cent under a year ago, but their estimated cost was less by 53 per cent in each comparison. The value of permits issued in Milwaukee exceeded by 63 per cent that of a month previous and was one per cent more than a year ago, while the number and estimated cost of those in Chicago increased 27 and 82 per cent, respectively, over June, but Detroit and Indianapolis failed to show gains in either comparison.

BUILDING CONTRACTS AWARDED

PERIOD	TOTAL CONTRACTS	RESIDENTIAL CONTRACTS
July 1930	\$54,591,094	\$12,277,976
Change from June 1930	-46%	-7%
Change from July 1929	-49%	-67%
First seven month of 1930	\$467,787,440	\$103,812,554
Change from same period 1929	-37%	-62%

Merchandising

In wholesale trade, two of the reporting lines—groceries and drugs—recorded sales increases in July over June, the former of 4 per cent and the latter of under one per cent; only about half the firms in these groups, however, shared in the gains. In hardware, where a further recession of 5 per cent took place, three-fifths of the firms had larger sales than in June. Declines in dry goods, shoes, and electrical supplies averaged 26, 21, and 8 per cent, respectively, with the majority of firms sharing therein. In all of the groups except groceries and drugs, sales in July totaled more than one-fourth below the corresponding month of 1929, as shown in the table. For the first seven months of 1930 as compared with the same period last year, declines recorded were: groceries 1½ per cent, hardware 20 per cent, dry goods 25 per cent, drugs 8 per cent, shoes 30 per cent, and electrical supplies 17 per cent. Ratios of accounts outstanding to sales were smaller in July than in June for groceries, hardware, and drugs, but larger in the other three lines, and continued, except in groceries and drugs, to average higher than a year ago.

The seasonal recession during July of 27 per cent in Seventh district department store sales was somewhat

heavier than usual for the month. Chicago firms sold 31 per cent less than in June, Detroit 30 per cent, Indianapolis 19 per cent, Milwaukee 22 per cent, and stores in other cities a 21 per cent smaller dollar volume. Business of Chicago and Detroit stores again showed the largest declines from the same month a year ago and for the year through July as compared with the corresponding period of 1929. The trend in stocks continued downward during the month, while the rate of stock turnover remained slower than last year. Collections, as measured by their ratio to accounts outstanding, were not quite so good as a year ago.

Sales of shoes at retail by reporting dealers and department stores fell off more than seasonally in July from June, declining 33 per cent, against an average recession for the month of 25 per cent in the preceding four years; sales totaled one-fifth less than in the corresponding month a year ago. With few exceptions, all firms shared in these declines. For the seven months of 1930, sales aggregated 8 per cent below the same period of 1929, with none of the dealers and only one-third of the department stores recording a gain in the comparison. The dollar volume of furniture and house furnishings sold in July by reporting dealers and department stores of the district declined 25 per cent from the preceding month, as compared with a usual seasonal recession of under 15 per cent, and was 30 per cent below a year ago; installment sales by dealers totaled 22 and 35 per cent less, respectively, in the comparisons. Stocks in both of these lines of retail trade averaged smaller on July 31 than a month previous, although those of shoes were slightly larger than a year ago.

Chain stores reporting to this bank sold slightly less merchandise in July than in June or the corresponding month last year, although the number of units operated increased in both comparisons. Of the groups included in the aggregate, grocery, drug, and shoe chains had larger sales than in the preceding month, and drug, shoe, women's clothing, and cigar chains sold more than a year ago; declines from June were reported by the five-and-ten-cent, cigar, furniture, musical instrument, and men's and women's clothing groups, and from last July by grocery, five-and-ten-cent, musical instrument, furniture, and men's clothing chains.

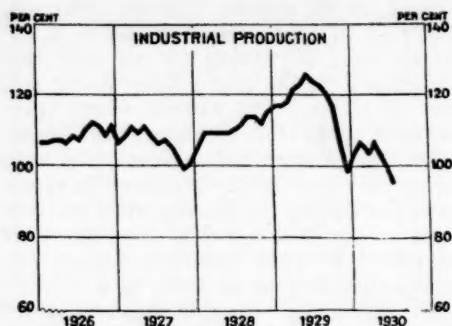
MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

(Index numbers express a comparison of unit or dollar volume for the month indicated, using the monthly average for 1923-1924-1925 as a base, unless otherwise indicated. Where figures for latest month shown are partly estimated on basis of returns received to date, revisions will be given the following month. Data refer to the Seventh Federal Reserve District unless otherwise noted.)

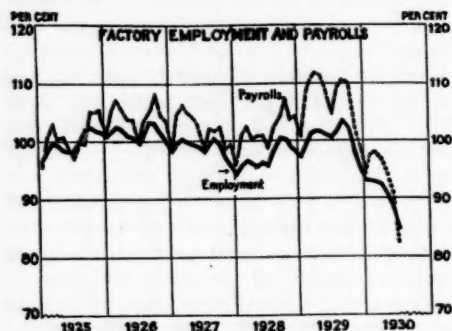
	No. of Firms	July 1930	June 1930	July 1929	June 1929
Meat Packing—(U. S.)—					
Sales (in dollars)	64	97	103	121	120
Casting Foundries—					
Shipments:					
Steel—In dollars	15	61	68	101	101
In tons	15	65	71	111	109
Malleable—In dollars	23	35	50	84	92
In tons	23	49	71	120	128
Stoves and Furnaces—					
Shipments (in dollars)	11	99	81	108	98
Furniture—					
Orders (in dollars)	26	71	43	126	92
Shipments (in dollars)	26	48	50	91	95
Flour—					
Production (in bbls.)	27	105	96	92	91
Output of Butter by Creameries—					
Production	72	131	155	162	178
Sales	74	120	135	139	147
Automobile Production (U. S.):					
Passenger cars		76	99	145	154
Trucks		105	122	199	247
Building Construction—					
Contracts awarded (in dollars):					
Residential		42	45	125	201
Total		80	147	155	197

	No. of Firms	July 1930	June 1930	July 1929	June 1929
Wholesale Trade—					
Net Sales (in dollars):					
Groceries	31	99	95	104	103
Hardware	14	70	74	103	104
Dry Goods	10	46	61	77	83
Drugs	14	95	94	106	100
Shoes	8	48	61	72	93
Retail Trade (Dept. Stores)—					
Net Sales (in dollars):					
Chicago	30	68	95	80	115
Detroit	4	87	124	120	162
Indianapolis	5	70	87	83	101
Milwaukee	5	75	95	88	114
Other Cities	51	70	88	79	97
Seventh District	95	72	98	88	119
Iron and Steel—					
Pig Iron Production:*					
Illinois and Indiana		95	119	144	148
United States		87	100	124	126
Steel Ingot Production—(U. S.)*		85	103	140	147
Unfilled orders U. S. Steel Corp.		84	83	86	89

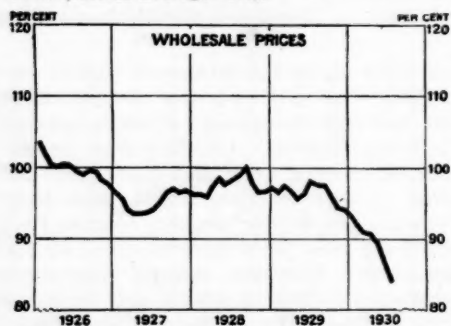
*Average daily production.



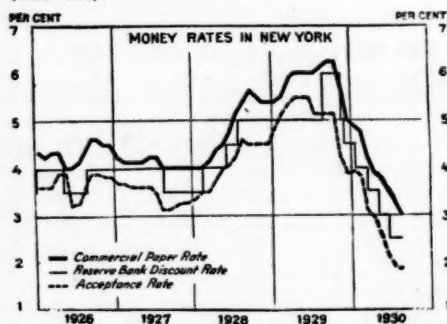
Index of manufactures and minerals combined, adjusted for seasonal variations (1923-25 average=100).



Index numbers of factory employment and payrolls, without adjustment for seasonal variations (1923-25 average=100).



Index of U. S. Bureau of Labor Statistics (1926=100).



Monthly rates in the open market in New York: commercial paper rate on 4- to 6-month paper; acceptance rate on 90-day bankers' acceptances.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)

BUSINESS activity declined further during July, and industrial production and factory employment reached the lowest levels in recent years. Crops were damaged by prolonged drought. Wholesale prices declined further until early in August when agricultural prices increased. Money rates continued easy.

PRODUCTION AND EMPLOYMENT

Output of factories and mines decreased by about 6 per cent during July, according to the Board's index of production, which makes allowance for seasonal fluctuations. A number of automobile factories were closed during part of the month and there was substantial reduction in output of iron and steel and cotton textiles. Daily average production of bituminous coal, lumber, and shoes continued small. In the first half of August, the output of steel showed a further slight decrease. Some automobile plants resumed operations on a limited scale. Factory employment and wage payments decreased further and at the middle of July were at the lowest level since 1922. The reduction in number of workers employed was largest in steel and automobile plants, car shops and foundries, hosiery and cotton mills, and clothing factories. There was a seasonal increase in employment in the canning, flour, and shoe industries. Working forces at bituminous coal mines were further reduced, and the Department of Agriculture reported an unusually small demand for farm labor. Building contracts awarded during July and the first half of August were in exceptionally small volume, according to reports by the F. W. Dodge Corporation. The reduction from June was primarily on account of smaller awards for public works and utility construction. Building in other lines continued relatively inactive.

Feed crops and pasturage have been severely damaged by drought, which was not broken until the middle of August. The August 1 crop report of the Department of Agriculture indicated a corn crop of 2,212,000,000 bushels, the smallest since 1901, and the smallest hay crop in ten years. Food crops were less severely affected, with wheat production estimated at 821,000,000 bushels—15,000,000 bushels larger than last year. The cotton crop was estimated at 14,362,000 bales, or slightly less than a year ago.

DISTRIBUTION

Freight carloadings have been in smaller volume than at the same season of any other recent year. Department store sales declined in July to the lowest level since the summer of 1924.

PRICES

The sharp downward movement of wholesale prices continued through July, and the Bureau of Labor Statistics index fell to a level 14 per cent below that of a year ago. The most pronounced decreases from June to July were in the prices of cattle, beef, wheat, cotton, silk, and rubber, and nearly all commodities showed some decline. During the first half of August, prices of grains moved upward, reflecting the influence of the drought. There have also been recent increases in the prices of cattle, hogs, silver, and silk, while the prices of cotton, copper, iron and steel, and rubber have declined further to the lowest level in recent years.

BANK CREDIT

Loans and investments of reporting member banks in leading cities decreased slightly between July 16 and August 13, largely as a result of a decline of \$48,000,000 in security loans. All other loans showed little change, while investments increased further. Reserve bank credit outstanding increased by about \$60,000,000 during the first three weeks of August, reflecting seasonal increase in the demand for currency and a decrease of about \$25,000,000 in the country's gold stock, chiefly on account of gold exports to France. The increase in reserve bank credit was in the form of bankers' acceptances and United States Government securities. Member bank borrowings showed little change. Money rates continued easy. The prevailing rate on commercial paper was reduced to 3 per cent around the first of August and remained at that level during the first three weeks of the month. Bond yields continued to decline. Discount rates at the Federal Reserve Banks of St. Louis, San Francisco, and Kansas City, were lowered from 4 to 3½ per cent during August.

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